DOCUMENT RESUME

ED 333 846 HE 024 706

AUTHOR Mc-Daniel, Olaf C.
TITLE On the Threshold of a New Area in Higher Education Policy in the Netherlands: the First Steps Towards a Consumer-Oriented Public Higher Education System.
INSTITUTION Netherlands Ministry of Education and Sciences, The Hague.
PUB DATE 16 Aug 90
NOTE 14p.; Paper presented at the Blindernkonferansen (Oslo, Norway, Aug 16, 1990). For related documents, see HE 024 704-709.
PUB TYPE Speeches/Conference Papers (150)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Competition; *Consumer Economics; Delphi Technique; Educational Legislation; *Educational Policy; Educational Quality; Financial Support; Foreign Countries; *Government Role; *Government School Relationship; *Higher Education; *Institutional Autonomy; Political Influences; Public Education
IDENTIFIERS *Netherlands

ABSTRACT

One of a series of studies related to the Delphi research project: "Policy Instruments for Higher Education in the Western Europe of the Future", this paper describes the beginnings of a consumer-oriented public higher education system in the Netherlands. It first examines the start of public debate with the publication of two political documents each entitled "Higher Education: Autonomy and Quality", a draft proposal for a higher education and research act and a bill to the Parliament in 1989 based on that draft. Two sections describe the Higher Education and Research Bill, its basic assumption that neither central government nor any intermediate organization can effectively govern the higher education system, and specific issues including division of labor in the system, public funding, autonomy, regulations regarding teaching and students, admissions, planning and financing, quality assessment, a formula funding system, institutional powers for personnel policy, and the allocation of money for building and maintenance. A final section outlines a view of the best relationship betwen government and higher education; describes the five forces which shape the higher education system: competition, multiplicity of funds, serving different constituencies, consumer power, and public view on quality; and the author's opinion that the Dutch case offers a chance to combine a necessary government withdrawal with the introduction of some of the real forces that make the system work. (JB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

On the threshold of a new area in higher education policy in the Netherlands: the first steps towards a consumer-oriented public higher education system.

Paper presented at the Blindernkonferansen 1990
Oslo, August 16 1990
Article published in the series of studies related to the Delphi research project: "Policy Instruments for Higher Education in the Western-Europe of the Future".

Olaf C. mc-Daniel
Delphi study
Postbus 25000, G229/353
2700 LZ Zoetermeer
The Netherlands
Tel: ** 31 - 79533667
Fax: ** 31 - 79512651
Zoetermeer, August 1990

ED333846

BEST COPY AVAILABLE

IAE 0247 706

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

OLAF C. MCDANIEL

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.
☑ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy

Contents:

1 introduction

2 the long and winding road of a policy debate

3 basic elements of the Higher Education and Research Bill

4 the Higher Education and Research Bill: some selected issues

5 other elements

6 towards a better higher education system?

1 Introduction

In the Netherlands, the development of the higher education system is in many respects comparable to most other West-European countries. It is a predominantly government-financed system, that went through the roaring sixties with improved participation and democratization. The upgrading of a non-university vocationally oriented sector of the education system to the status of higher education in the seventies and the introduction of an Open University in 1984 made the system more accessible, open and adaptable to the needs of the future.

Higher education policy was until 1985 shaped to a large extent by the main investor: the national government. By the use of a number of policy instruments, government has considerable influence on the higher education system. Instruments used are: legislation, planning and financing, and other non-coercive means of influence. The year 1985 however marks a turning point. At that time serious doubts were expressed regarding the traditional approaches to governing. This period can be, more generally speaking, characterized by the decline of the welfare state ideology. The corrective function of the State in private matters by maintenance of public activities had reached the limits of effectiveness. Limitation of government spending on the one hand and an increase of private spending on the other, less government regulation, and the decentralization of power became the new underlying themes in Dutch policy. The tools used to accomplish these changes were the deregulation and privatization of institutions which traditionally formed part of the machinery of government, as well as reorganization of the civil service and budget cuts in all government funds except for defence.

In Dutch higher education this general tendency was strengthened by a number of unfavorable experiences with government-directed blue print reorganizations (or attempts at reorganization). The intense discussion and fruitless proposals for major reorganizations in the university sector, combined with years of sterile government-controlled experimentation in secondary education, paved the way for a different approach.

2 The long and winding road of a policy debate

The discussion on the revision of the basic structure of higher education policy in the Netherlands started in March 1985, with the publication of a Green Paper entitled "Higher Education: Autonomy and Quality". In the Dutch political system, a Green Paper (beleidsnota) is a policy document published by the government with the intention of stimulation public discussion. In short the proposals increased the autonomy of institutions, while finding public accountability not in government intervention and control, but in a quality assessment system. The Green Paper was the subject of debate in the spring and summer of 1985 and it received, after an initial period of disbelief and mistrust, general support. The mistrust and the search for a hidden agenda (such as further budget contractions by means of the quality assessment system) were caused by the fact that government had never before openly expressed doubts about the value of its "governing" powers.

An agreement on the basic conclusions of the Green Paper with representatives of the institutions paved the way to publication of a White Paper (in the Dutch tradition presented to Parliament), with the same title, "Higher Education: Autonomy and Quality" (October 1985), in which a more detailed sketch was drawn of the concrete issues for the future system.

The general questions behind both documents were two-fold:

a Does the present control system protect, enhance and guarantee the quality of education and research?

b Does the present steering system offer sufficient opportunity for meaningful innovation, both in content and/or form?

In the 1985 White Paper these general questions were analyzed and the following conclusions were drawn:

- government control of the system is not general enough and is directed towards too small a unit;
- partly for this reason, a number of policy-instruments do not work as they should;
- the regulatory system does insufficient justice to the higher education institutions' responsibility, particularly as regards teaching;
- quality assessment has not been adequately developed in the present steering system.

In the Parliamentary discussion a year later (October 1986), both government parties and the opposition accepted the main lines of argument. In a country in which most of the philosophy of higher education is embedded in legislation, the general acceptance of the proposals initiated the time-consuming process of legislative reform.

A draft proposal for a new "Higher education and research Act" was published in January 1988 and was followed in March 1989 by a bill to the Parliament. The 1989 bill has not yet been discussed in Parliament. The fall of the Christian Democrat / Liberal Cabinet in May 1989 and the formation of a new coalition Cabinet of Christian Democrats and Social Democrats after the September 1989 elections caused a delay. The new minister accepted the general framework of the proposed legislation, but amended it in April 1990. The amendment further strengthened institutional autonomy. It is now expected that the Act can be implemented in September 1992.

This newly proposed legislative framework -if accepted by Parliament - will replace 17 existing Acts and general administrative orders. Looked at in terms of numbers, 2400 regulations (in Dutch usage known as articles) in the present system will be reduced to 274 (excluding the articles that are required to implement the new system) in the proposed system. This amounts to the abolition of almost 90% of the existing regulations.
Here are two examples of radical deregulation. The estimated 900 articles that at present cover teaching are replaced by only 12 general regulations. The whole set of numerus clausus Acts are replaced by just 4 articles.

Two important juridical constructions support the structural autonomy of institutions. First, the reverse of power and prohibition. The present legislative premise is the institutional freedom to act whenever this freedom is defined in legislation. The bill, conversely, reverses this principle: institutional autonomy is unlimited unless the legislation presents limitations or boundaries. Second, counter to the Dutch tradition, the legislative framework contains only a few regulations in pursuance of the Act. Traditionally in Dutch h.e. legislation, many of the actual regulations are put in general administrative orders. The Act constructs the legal framework for these administrative orders, which are highly influential. The Higher Education and Research bill (HER) limits the number of general administrative orders to two. One regulating the conditions of employment of personnel, the other reflecting the future budget allocation model for the universities and the higher vocational sector.

Not all aspects of the present legislation have been affected by the changes in the philosophy of government direction. Two issues are left unchanged.

1 The high level of prescribed legislation on the internal administrative structure of universities, higher vocational institutes and the Open University, remains unaffected. In chapter 4 it is explained that in Dutch h.e. politics this subject, especially with regard to the universities, is a very sensitive issue. The present regulatory system, although criticized, is still generally accepted as a compromise. Government would endanger the Bill if drastic changes with respect to the administrative structure were to be proposed. The issue of the internal governing structure is a political tricky issue. Statistically the regulations on the administrative structure eat up exactly half the bill: 137 out of the total of 274 articles.

2. The issues related to the "individual's entitlement to higher education", cumulating in the issue of student aid and tuition, are left untouched just as the issue of tuition fees has been left untouched in the Bill.

3 Basic elements of the higher education and research bill

Basic assumptions The HER Bill is based on the assumption that neither a central government nor an intermediate organization operating on behalf of the government can effectively govern the higher education system. In the past, attempts to regulate educational demand and supply by government intervention, methods used to assure quality of education through regulation ex ante (such as minimal descriptions of curricula in legislation) have not been at all successful and it is unlikely that any effective methods can be designed.

The conclusion was drawn that the present regulatory system was not effective. Furthermore, serious doubts were expressed as to whether the present system would provide proper conditions for future development. The rapid changes expected in scientific and societal conditions require a responsive, innovative, consumer and quality oriented higher education system. A predominantly government oriented system was not expected to be able to lead to the type of higher education required for future needs. autonomy and quality assessment Instead of an incremental change in government power relating to higher education, which has been the basic approach over the years in most West- European countries, the Dutch government decided to try a more radical route. It proposed the abolition of government powers that were, until then, considered to be vital for control of a public higher education system. The present government influence is to be replaced by a set of self-regulatory and more market-oriented mechanisms in which the consumer, as far as teaching is concerned, will become the major force in the system. In order to ensure the quality of the education provided, and to stimulate consumer choice in quality, an extensive quality assessment system fills the void that the retreating government leaves. The system will (diverging from for example the case of the accreditation system in the U.S) produce public peer-review judgments. This will guarantee a minimum quality level for all public institutions. After a number of years, ranking of departments or institutions will inform the consumer of the relative strengths of academic programs. The formulas for public funding will have an output character, which is an incentive for institutions to provide good education and to attract an optimal number of students.

4 The higher education and research bill: some selected issues

a **basic division of labor in the system**

The division of labor within the higher education system in the Netherlands undergoes little change relative to the present situation. The new legislative framework maintains an intrinsic division of labor between universities (basic mission is research and teaching) and institutions for higher vocational education (basic mission: professionally oriented education and no government funded research task). Furthermore an Open University for open distance education is maintained. Research-related institutions are: the Netherlands Organization for Scientific Research (the Dutch research council), the Royal Netherlands Academy of Arts and Sciences, and the Royal Library. Cooperation between the various institutes is possible, and legislation does not hamper any activity of this kind. Mergers between institutions with different missions (for instance a merger between a university and a higher vocational institute) is prohibited. Public institutions are established by law. Private institutions that want to confer the same degrees as the public ones (or their students want to be eligible for student aid) must be accredited.

b **eligibility for public funding**

The legislation provides institutional funding entitlement only for institutions that are mentioned in the Act or in an appendix to the Act. Increase or decrease in the number of government-funded institutions is thus a matter for the joint legislature. A pre-set condition for institutional funding is the compliance with the regulations of the Act regarding:

1 the quality assessment system
2 planning and financing
3 personnel.
4 education, exams and doctorates
5 admission of students
6 entitlement of students
7 legal protection of students
8 the administrative structure

This list seems impressive, but the proposed regulations are, compared to the present legislation, moderate. They resemble in many respects the type of legislation under which corporate enterprises in the Netherlands operate (for instance the regulations regarding financing and personnel). The other measures are to ensure public information (on the quality of institutional performance for instance), the protection of the student, and the security of political goals in the Dutch higher education scene (admission for those who are qualified and the European variation of "serving different constituencies" by a democratic pre-set internal administrative governing structure).

c **educational autonomy**

The most important change in the proposed legislation is that, after an institution has been established by statute, and it has been decided that it is either a university or an institution for higher vocational education, it is free to offer any program (in terms of disciplines, part- time or full-time character, course length as long as the maximum of 4 years is not exceeded), without any prior government approval. This allows, or (to put it more firmly) forces institutions to respond to changing needs in science and society. This institutional freedom theoretically to offer any type of course is unmatched in Europe. Even in the U.S, in nearly all states, several bureaucratic steps, program evaluation and approval procedures have to be carried out before a public institution (and in many states even a private institution) can start a new program. This thus implies an absence of government intervention in the supply of courses. The only exception is that

of a safeguard in the event that the quality of teaching falls below an acceptable level when judged by peer review. The complete absence of government influence here is the result of an unsuccessful previous attempt to maintain some government power ex ante, particularly directed at preventing program duplication and other macro- inefficiencies. In the original bill "sectors" were constructed to ensure a basic division of labor between the various institutions. Within that ideology, having such a "sector" in the institution entitled it to receive government appropriations for teaching within the sphere of the sector. Nine different sectors were at that time identified:

a education
b agriculture and natural environment
c natural sciences
d technology
e health
f economics
g law
h behavioral and social sciences
i language and culture

All public institutions would possess one or more sectors. The decision to allocate the sectors, or to increase or decrease the number of sectors, would be a government decision and would be rooted in an interactive planning process. The total picture of distributed sectors reflects the demand as estimated by government for publicly funded higher education and research facilities.
The construction of this intermediate sector level, a compromise between absolute autonomy and maintenance of government influence, had however a number of weak aspects. Grey zones were identified between the sectors, and it to be turned out to be problematic to design the sectors homogeneously with regard to disciplines and the cost structure. Most important: it would still permit government influence in the strategic decisions of institutions, which would slow down their responsiveness. In the amendment that was presented to Parliament in 1990 by the newly-formed government, the "sector" level has been deleted, and complete institutional autonomy is now proposed.

d **further regulations regarding teaching and students**
A small number of regulations has been proposed to set some structural boundaries with regard to teaching. The separate courses are programmed in the form of coherent modules which are defined in credit points. One credit point is the estimated student workload for one week (average statistical regulation: a working week of 40 hours for the average student and 42 working weeks per year). The complete listing of these courses from all institutions is to be held in a national register. The register will assist the student in selecting programs and courses. The register not only contains factual information on course length and program content, but also provides any available information on the quality of the institutional performance related to specific programs. Three types of courses can be identified.
First and most common, is the course designed by the institution, which consists mainly of pre-defined compulsory modules, plus student-selected modules.
Second, the courses which are designed by student choice. A student is allowed to follow practically any institutional module. Whether this will lead to a final exam and academic title is dependent on the acceptance by a subject examination board ofthe total package of the modules followed. This board assesses the level and the disciplinary consistency of the modules followed. If this meets normal academic standards, a student will receive a diploma and a title. If it does not, the student will only receive a document recording his or her educational performance. Students opting for this "free-course" will usually be advised at an early stage by the examination board. This option is mostly used by students who are more interested in specific educational supply, for example to enhance their position on the labour market, than in a regular degree.
Third, and finally, the cases in which national or international regulations prescribe the contents of courses. Examples of this

type of restrictions have already been formulated as EG directives. Institutions are obliged to follow these regulations.
Each course and also each module ends with an examination. The initial phase is divided into a preparatory phase (the propedeutic exam) and a specialization phase. The course length is defined in credit points: a regular degree consists of 168 (i.e. 4 years of 42 weeks) credits. The propedeutic phase carries 42 and the specialization phase 126 credit points. The total credits for a final examination is higher in the case of only five courses:

- dentistry = 210 credits
- philosophy = 210 credits
- doctor of medicine = 252 credits
- veterinarian = 252 credits
- pharmacy = 252 credits

The only remaining government-funded post-graduate course is the one year teacher-training course, leading to the highest teaching qualifications for secondary and tertiary education.
In addition to these regular courses leading to official academic diplomas and titles, institutions are entitled to offer shorter courses. Institutions are completely free to offer full- and/or part-time programs.
The almost absolute freedom in curriculum and course design will lead to a large variety of courses within the institutions. The supply of modules, facilities for specialization and information on educational performance quality will become more decisive factors in a student's choice. The fact that the national register for programs also contains comparative information on the quality of institutional program, will stimulate competition between institutions.

The introduction of a credit-point system for higher education on a similar basis to that in the U.S, will improve student mobility. It could also lead to a closer connection with the (at present experimental) European Community Course Credit Transfer System (ECTS) which is the first step towards a European credit-point system.

e **admission and numerus clausus**
Student entitlement to higher education is broadened to include the whole range of institutions. While the former legislation offered higher vocational institutes the authority to make a pre-entry selection, this regulation has been abolished. All students who meet the pre-set requirements are entitled to enroll in any institution. In order to provide sufficient public information on the supply of courses in the various institutions, the legislation requires the publication of an annually calendar which supplements the information available in the national register.

Every qualified student is admitted to the system. Only in exceptional cases, in which the number of students exceeds the capacity of a program, is admission not guaranteed. If this situation occurs, the institution is obliged to enlarge the capacity of the course. The minimum increase is 25% of the average intake over the last 3 years. If the demand still exceeds the increased capacity, limited enrollment is to be accepted. Selection of students takes place at the national level by a weighted lottery based on the students secondary education examination marks.

A student with very high marks has a 2.00 chance, as against a 0.67 chance for a student with minimum scores. Altogether, 6 weighted categories are distinguished. Affirmative action for enhancing participation of minority groups in numerus clausus studies, is secured by assigning eligible students a higher weighting in the lottery. The admission system forces the institutions to respond to shifting student interest. Institutions receive reliable information in January on the expected decline or increase in student numbers. The system gives them until August to adjust their enrollment capacity.
In extraordinary cases government is entitled to decide a "government numerus clausus". This legislative provision enables the government, in a strictly defined procedure, to reduce the numbers of students enrolling in certain courses.

Any proposals to do so are subject to the national planning process, which is a guarantee that this power is not executed hastily.

f **planning and financing**

Institutions are, besides their revenues from contract research and education, funded by government through an objective, indicator-based and output-oriented, budget allocation mechanism. The basic elements are described in a general administrative order. The budget is allocated as a lump sum. The national planning procedures play an important role in the institutional long-term planning and in governmental direction of policy. In the proposed legislation, planning is one of the few remaining mechanisms for governmental control. The planning process is interactive, and takes place in dialogue and the exchange of documents between institutions and government. A draft "Higher Education and Research Plan" is published every other year in September. In this draft document, government provides a medium and long range vision on the development of the system, draws the financial perspectives, and reacts to institutional proposals. If government intends to use the instrument of the "government numerus clauses", this intention is announced and discussed in the draft plan. The plan is open for public discussion in the period September-January. After the consultation of Parliament in January, the final plan is drawn up before January 31.

g **quality assessment**

A key element in the new philosophy is the introduction of a quality assessment system. In principle the institutions themselves are responsible for carrying out their own quality assessment. Legislation prescribes the responsibility to "frequently assess the quality of their activities as much as possible in cooperation with other institutions". In the assessment "independent experts" should be involved. Vital to the system is the publication of the results of the quality assessment. The importance of public availability is stressed in the proposed legislation: "The results of the quality assessment performed by independent experts is public". Government supervises the way in which the institutions set up and carry out their quality assessment and reviews the public results. If institutions are non-cooperative, negligent, do not take into consideration the principles of the system, or pay little or no attention to the results, government has the power to intervene:

a by taking the initiative to organize a peer-review
b to punish institutions financially.

In order to carry out this supervision as far as the teaching task of the universities, higher vocational institutes and the Open University is concerned, the Ministry of Education and Science introduced "the inspectorate for higher education". The inspectorate will carry out the review of the institutional quality assessment. The system as designed should be self-executing. If institutions show sufficient responsi- bility in setting up an quality assessment system and the results are used for a policy revision, the government will stay at a distance. Intervention is the last step, and financial reductions the ultimate sanction.

5 Other elements

The Higher education and research Act provides the legal basis for the proposed radical reform of the current higher education policy in the Netherlands. However it is not the only policy instrument that is undergoing revision. The policy formulated in the White Paper mentioned in paragraph 2 also requires alterations in the field of:

a **the formula funding system**
The purchasing power of students should be increased, in order to force institutions to respond to changing circumstances. In 1988 a proposal was launched to link public funding of institutions and individual entitlement to higher education through a "voucher- system". The proposal received however little support however, mainly because of its bureaucratic consequences. Right now, less ambitious schemes are being designed in which actual student consumption and performance is a key figure in the budget allocated. The funding model has been output-oriented since 1982. Little is paid for students who drop out and the bulk of the money is allocated on the basis of number of graduates.

b **institutional powers for personnel policy**
A key issue in institutional policy is the ability to attract high quality faculty. The decade of the Eighties has shown a significant increase in institutional powers to develop an institutional personnel policy. The influence of central government on issues related to personnel policy has been reduced sharply, and will be almost abolished. Every institution is now entitled to pay higher salaries, or to create favorable additional conditions of service to attract the best academic staff.

c **the allocation of money for building and maintenance**
Until now, the allocation for building and maintenance has been centrally decided, and the ability of institutions to make decisions on their own facilities is still limited. This will change in the coming years.

6 Towards a better higher education system ?

What are reckoned to be the consequences of a higher education system in which the national/federal government has an influential position?
In discussion, it is often claimed that institutional autonomy and absence of government intervention is a basic condition for an adequately functioning higher education system. Especially in the U.S. recognized authors as such as Clark, Bok, Birnbaum and Trow have expressed criticism on the European higher education system in this respect. In their opinion, government influence in West-European higher education has created a mushrooming bureaucratic system, which is slow in response and lacks the basic flexibility. In the paper "The validity of the argument for the necessity of institution autonomy in higher education" I emphasized that, with the exception of a very small number of elite private institutions, government influence on higher education in the U.S. is comparable to that in most West-European countries. In a number of states (for instance Florida and New York) centralization has reached the level of the extremes in Europe: France and Spain.

Nevertheless, the very best universities are to be found in the U.S. and even the institutions at the lower end of the spectrum (with quality standards which are way below the West European idea of minimum quality) seem to be much more responsive and adaptable to changing circumstances than their European counterparts.
Five factors contribute to an institutional attitude in the U.S. that differs considerably from West-European higher education institutions:

1 competition (for students, faculty, funds, reputation)
2 multiplicity of funds (no predominant dependency on a single funding institution)
3 serving different constituencies (serving different interests at the same time and being publicly accountable for that)
4 consumer power (consumers as a major source of income, a client who should be treated well)
5 public view on quality (although in practice only oriented towards research, influential on the institutions' chances to attract funds, students, to be able to compete).

In my view these forces are the essential factors that shape the higher education system. These forces are in practice more decisive for the functioning of the system than the presence of government influence.
In terms of change of paradigm, the choices made in the Dutch Higher Education and Research Act proposals are radical attempts to eliminate a predominantly government-oriented system, and replace it by a self-regulatory and consumer-oriented higher education system. Yet it is doubtful if the alteration of the legislative concept itself will contribute to a better higher education system. The complexity of the higher education system and the high degree of specialization have always offered institutions much scope for avoiding and ignoring government direction. This legislative change could also end up in the long line of failures! Therefore additional forces will be required to transform the system into a dynamic, responsive, innovative and quality oriented system. The five forces mentioned above: competition, multiplicity of funds, serving different constituencies, consumer power and a public view on quality represent the forces that touch upon the dynamics of higher education in a more decisive way than government influence on the system.

The underlying assumptions of the Dutch higher education reform are vulnerable. A legislative framework does not guarantee maximum operative power of these forces. It is however unlikely that, without a withdrawal on the part of government, these forces will develop substantially. The U.S. situation shows the relatively poor results of the development of half of the spectrum. The elite private institutions excluded (Harvard has an annual budget which is almost the whole budget for public universities in the Netherlands or and higher than that of Norway), the heavily regulated and government-controlled system in the U.S. does not perform on full potential. The above mentioned five basic forces have been developed to

some extend, but the other side of the spectrum, the limitation of (the counterproductive) government power, has not achieved any exportable tradition. In that respect the Dutch case is challenging and will, if the proposals are accepted, offer a chance to combine a necessary government withdrawal with the introduction of some of the real forces that make the system work.